

Did asia and europe offer wal-mart real opportunities for real market dominance?

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Both Asia and Europe offer immense opportunity for Wal-Mart to expand and operate in a profitable manner but offered modest opportunities in terms of market dominance. According to 2005 figures Wal-Mart had about 350 stores around Europe, mainly the United Kingdom and Germany, and 440 stores in Asia, mainly Japan and China. Both markets initially did not offer any incentive for Wal-Mart to invest as they had their own retail stores operating efficiently.

The European market was less attractive when Wal-Mart planned to start its business in the region. The European retail industry was at its prime already and taking market share away from existing players would prove to be a massive task in itself. Moreover the well-established competitors such for e. g. Metro and Makro in Germany and Carrefour in France would retaliate to any move made by Wal-Mart. They also had similar formats in terms of stores therefore that eliminated any competitive advantage that Wal-Mart might have used to its benefit.

Further, as with most newcomers, Wal-Mart's relatively small size and lack of strong local customer relationships and market acquaintance the company would have been handicapped in the European arena. The Asian market on the other hand had huge potential but due to its geographical distance and different cultural and logistical set-ups it called for large amounts of financial and managerial resources to be displaced to enable the company to establish a presence in the region. However, regardless of these obstructions, both regions had provided wonderful opportunities for retail giants such as Wal-Mart.

With countries such as Japan, Germany, Korea, and the United Kingdom boasting commendable GDP per Capita and population figures there was no doubt that entry to these robust markets would be profitable if handled with care. Thus, Wal-Mart pursued acquisitions, partnerships and in some cases go-it-alone strategies to enter these markets. For e. g. in the United Kingdom it incorporated ADSA, Britain's best value food chain into the Wal-Mart family thereby increasing its size and presence significantly.

It also took over the market share of smaller competitors such as Marks and Spencer's in the children's wear category. It joined forces with the Aldi Group in Germany and took over the management of their hypermarkets and in Japan through investing in an ailing retailer Seiyu. Seiyu was a well-established and trusted brand and had excellent store locations, thus, through the acquisition Wal-Mart established its grounds in Japan effectively. These were strategies which led Wal-Mart to attain the market dominance it strived to achieve.